



**MCI Telecommunications Corporation**

1801 Pennsylvania Avenue, NW  
Washington, DC 20006  
202 887 2551  
FAX 202 887 2204

**Mary L. Brown**  
Senior Policy Counsel  
Federal Law and Public Policy

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**JUN 25 1997**

FEDERAL COMMUNICATIONS COMMISSION  
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June 25, 1997

**EX PARTE OR LATE FILED**

**William S. Caton**  
**Acting Secretary**  
**Federal Communications Commission**  
**1919 M St. NW**  
**Washington, D.C. 20554**

**Re: EX PARTE in Merger of British Telecommunications plc and MCI Communications Corporation, General Docket No. 96-245**

**Dear Mr. Caton:**

Jim Graf of BTNA, Jonathan B. Sallet of MCI, and I met yesterday with James Casserly of Commissioner Ness's office to discuss concerns raised by some parties in the above-captioned proceeding with U.K. domestic policy. As part of the "effective competitive opportunities" test that is used to evaluate foreign participation in the U.S. market, the Commission looks at a broad spectrum of competitive conditions in a foreign market, including domestic regulation.

MCI and BT stated that the U.K. government, and specifically its telecommunications regulator Oftel, have affirmatively decided that introducing equal access and loop unbundling in the U.K. would not complement the domestic pro-competition policy agenda that Oftel has designed. Due to the U.K. government's determination, BT is not free as a matter of internal policy to offer equal access or unbundled loops in the U.K. today. While the U.K.'s policies do not mirror U.S. policy in every respect, the U.K.'s policies have produced the most competitive telecommunications market in the world, where real competitors (including many U.S. companies) compete for real customers in all levels of the market.

Enclosed are the materials used in the presentation.

Sincerely,

**Mary L. Brown**

cc: **James Casserly**

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# *MCI-BT Merger*



# **MCI-BT Merger: US Consumers Win**

- **Increases competition in US local markets**
  - **Lower prices**
  - **Increased choice**
  - **Improved service**
  - **Technical innovation**
- **Creates new global competitor**
  - **Lower accounting rates**
  - **Liberalization in foreign markets**
  - **Enhanced global seamless services for US multinationals worldwide**
  - **Foster investment, joint ventures**

## **UK: The World's Most Competitive Telecommunications Market**

- **Cable is a real competitor for telephony**
  - **Passes more than 30% of UK homes ( 8 million)**
  - **Installed over 2 million exchange lines**
  - **Acquires 50,000 new local phone customers per month**
- **CAPs active in major urban areas similar to strategy in US**
- **Utilities offering switched & non-switched telecommunications services throughout UK**
- **Fixed wireless emerging**
  - **75% of UK population covered by 2000**

## **UK Market Satisfies Every Aspect of the “ECO Test”**

- **Absence of de jure restrictions on international facilities-based entry**
- **Availability of interconnection on fair and reasonable terms**
- **Presence of an independent regulator, employing fair and transparent regulatory procedures**
- **Existence of safeguards against anti-competitive behavior**

# **WTO Agreement Supports Merger Approval**

## **US WTO commitments:**

- **Will open up entire US market (local, long distance, international)**
- **On a “technology neutral” basis (wireline, wireless, and satellite)**
- **No restrictions on indirect foreign investment**
- **Effective January 1, 1998**

## **Equal access, loop unbundling is an issue of UK domestic policy**

- **Oftel determines UK interconnection and carrier selection policies**
- **Existing UK policies have created competition**
- **EU is currently examining equal access**